



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

Date: 7/12/2007

GAIN Report Number: PL7038

Poland

Fresh Deciduous Fruit

Fruit Frost Damage - Update

2007

Approved by:

Ed Porter
U.S. Embassy

Prepared by:

EP/Natalia Koniuszewska

Report Highlights:

This report is an update of GAIN report PL7025, reporting damage to Poland's fruit industry as a result of a significant frost in April-May of this year.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Warsaw [PL1]
[PL]

Updated Forecast

As a result of a destructive frost in April-May (see GAIN report PL7025), Poland's apple production is expected to be down 40-50 percent from last year, to around 1.2 – 1.5 million MT. Earlier, we had reported a 30 percent decline in apple production. The smaller domestic supply of fresh consumption apples reportedly will be supplemented by imports from other EU countries. There should be supply problems for industrial apples, as a majority of local production is used for processing. Imported industrial apples may make the price of domestically produced concentrated apple juice uncompetitive in EU markets.

To date, total losses due to the frost are estimated at about PLN 800 million (about US \$280 million). The low temperatures destroyed or damaged an estimated 145,000 hectares of orchards. In addition to apples, pears, tart cherries and plums suffered. Losses in some areas are estimated at 70-100 percent. The evaluation of losses in some regions has not been finished yet. Damage to strawberry production is estimated at 20-25 percent, about what we estimated in our earlier report. (Revised PSD tables will be sent separately.)

Government Disaster Assistance

On July 4, 2007, the government approved an aid program for farmers who lost their production to the frost. The program consists mostly of financial aid in the form of subsidized credit with lower rates of interest and/or longer repayment periods than normal. Currently, the subsidized interest rate is 1.8 percent. In addition, the government will guarantee loan repayment in the event of default. The Agency for Restructuring and Modernization has already signed agreements with local banks to establish subsidized lines of credit. Applications must be approved by the agriculture ministry and the credit must be used to restore production losses due to the frost.

Other parts of the government's financial assistance plan include:

- An extension of up to 5 years for repayment of old disaster credits.
- Government payment of up to 50 percent of the cost of new disaster insurance. The insurance is required by July 1, 2008, under a new national production insurance program announced earlier (see GAIN report PL6076). The normal subsidization rate is 35 percent.
- Lower, postponed or cancelled social insurance payments, land lease charges and agricultural land taxes in 2007. The national government will compensate local governments for any lost tax revenue as a result of the program.

Some of the aid requires amendments to Polish legislation, which is expected shortly. The total aid a farmer can receive cannot exceed 80 percent of lost income, 90 percent in mountainous or agriculturally unfavorable regions. EU aid is also expected.